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# Iraq

## Status Report

September 30, 2009



Bureau of Near Eastern Affairs  
U.S. Department of State

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## HIGHLIGHTS



- **Iraqi Police in Mosul to get Five New Police Stations (*SECURITY*, page 6).**
- **Kuwait Considering Investments in Iraq as a Way of Resolving Ongoing Reparations Dispute (*DIPLOMATIC*, Page 7).**
- **Governor Athil al-Nujaifi Requests UNHCR Assistance in Ninewa (*POLITICAL*, page 9).**
- **Iraq Receives \$1.8 From IMF (*ECONOMIC*, page 15).**

## SECURITY – Situation Update



Although overall security incidents remain low, insurgent and terrorist attacks continue

### **Multiple Bombings Kill 18 People Across Iraq:**

- **Multiple bombings across Iraq killed 18 people September 28. The largest attack left seven people dead and wounded 16 more. According to a security official, the suicide bomber drove an explosive laden tanker truck into a police outpost in Ramadi, Anbar's provincial capital. A double roadside bombing in the Ghazaliyah area of western Baghdad, killed three police officers and wounded 15 others. In Mosul, two police officers were killed and two others wounded by a roadside IED, and in southern Iraq a minibus bombing killed six people.**

## SECURITY – Situation Update



Although overall security incidents remain low, insurgent and terrorist attacks continue

### Kirkuk Security Forces Arrest Two JRTN leaders:

- The Kirkuk Emergency Service Unit (ESU) arrested Salahudin Abdul Wahhab Othman, a senior leader of the Jaysh Rijai al-Tariq Al Naqshabandi (JRTN) in Kirkuk. Salahudin, a former Staff General in the Iraqi Air Force during Saddam Hussein's regime, was charged with coordinating and organizing multiple terrorist cells in Salah ad-Din and other parts of northern Iraq. In a similar operation, Iraqi Special Operations Forces arrested Najim Abdallah Zahwen al Ujayli, a former Major General in the Republican Guard and current senior military advisor to JRTN. Additionally, in a separate operation south of Baghdad in Mahmudiyah the 3<sup>rd</sup> Battalion Iraqi Emergency Response Brigade (Hillah SWAT Team) arrested 16 suspected terrorists with warrants for suspected terrorist activities connected with the AQI network in Babil province.

## SECURITY – Situation Transition



### Iraqi Police strengthening capabilities leading up to January elections

#### Iraqi Police in Mosul to Get Five New Police Stations:

- The Iraqi Police, in partnership with the Gulf Region District, U.S. Army Corps of Engineers in Iraq, is planning to place five pre-fabricated police stations in Mosul. The stations will be placed in heavy urban areas to bolster Iraqi Police capability and provide additional security for the January 2010 elections. The pre-fabricated stations will have security fencing and T-walls, guard towers, a parking area and entry control point. Each station will cost between \$490,000 and \$674,000 and is funded by the Iraq Security Force Fund.



## DIPLOMATIC – Political Engagement



### Iraq-Kuwait looking for creative solutions to resolve outstanding issues

#### Kuwait “Considering” Investment Reparations Option:

- Kuwaiti officials stated that the Government of Kuwait (GOK) is considering investments in Iraq as a way of resolving a dispute over billions of dollars of war reparations owed by the Government of Iraq. After a meeting in New York between Iraqi President Jalal Talabani and Kuwaiti Prime Minister Sheikh Nasser Mohammed al-Ahmed al-Sabah, PM Sabah expressed a willingness to find alternative ways to resolve the ongoing reparations dispute. PM Sabah stated that “we want to deepen ties (with Iraq) through linking interests and economic and strategic involvement in infrastructure, tourism, trade and investments.” When asked about a proposal put forward in July by UN chief Ban Ki-moon to consider investments as an alternative way to resolve the dispute, PM Sabah stated that the GOK was “studying” the matter. The proposal calls for Kuwait to invest the billions of dollars of unpaid compensation inside Iraq in joint ventures.

## DIPLOMATIC – Political Engagement



Iraq-Kuwait looking for creative solutions to resolve outstanding issues

### GCC+3 Statement on Iraq:

- In a September 26 meeting on the margins of the UN General Assembly (UNGA) foreign ministers of the Gulf Cooperation Council (GCC), Egypt, Iraq, Jordan, and the United States issued a statement recognizing the progress Iraq has made in the past year and expressed support for the Iraqi people and government, particularly following the August 19 attacks on the Foreign and Finance Ministries. According to the statement, “The Ministers underlined the importance of regional support to the government of Iraq and the Iraqi people in their efforts to achieve a prosperous, united, and democratic Iraq that lives in peace with itself and with its neighbors and respects its international obligations.” The Ministers stressed the principle of non-interference in Iraq’s internal affairs.



## POLITICAL - Governance & Legislation



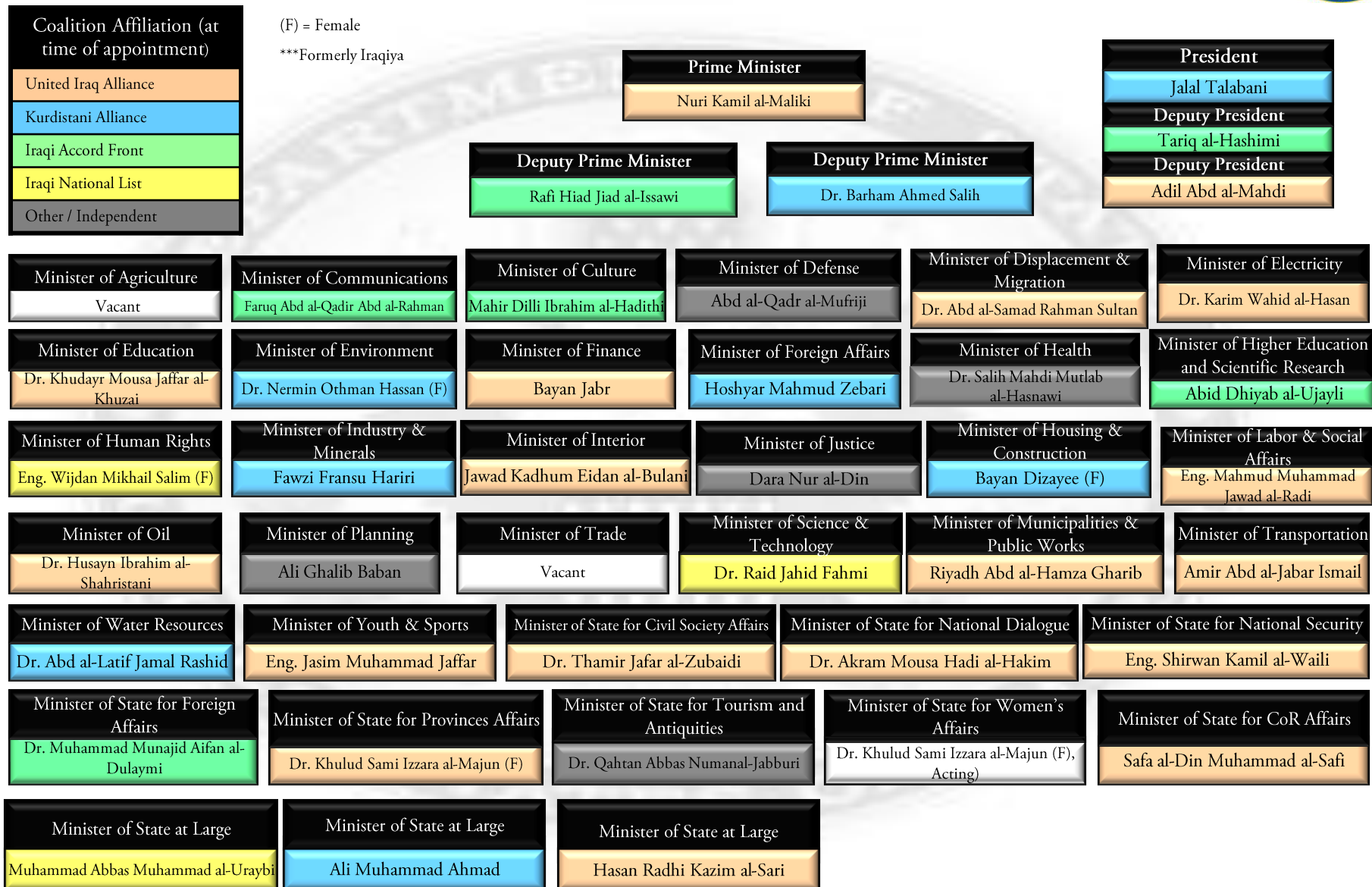
Local government in Ninewa seeks international assistance to address influx of IDPs

### Ninewa Governor Requests UNHCR Assistance:

- Governor Athil al-Nujaifi requested the United Nations High Commissioner for Refugees (UNHCR) to assist Ninewa in coping with the growing number of internally displaced persons (IDPs). During a meeting with the head of the UNHCR office in Erbil, Charles Lynch, Nujaifi urged UNHCR to take an active role, noting that “there are a large number of displaced persons from Mosul and tens of thousands from Talafar and other areas along the Kurdistan region.” According to the Iraqi Ministry of Displacement and Migration there are approximately 30,000 displaced persons in Ninewa.



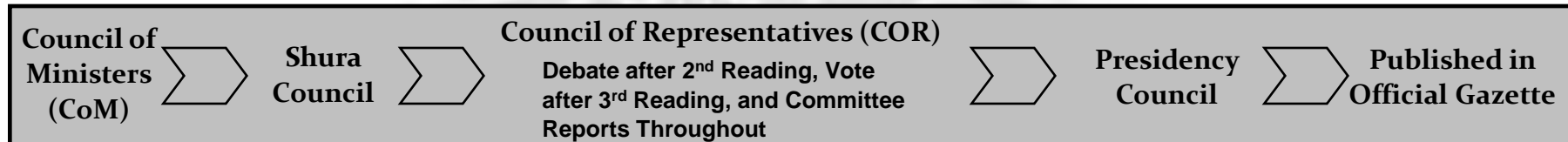
# POLITICAL – Government of Iraq





## POLITICAL – Key Legislative Issues

### Legislative Process



- **Hydrocarbons Package:** The Framework Law was resubmitted to the Oil and Gas Committee on October 26, 2008 and then returned to the Council of Ministers. There has been no progress on the other three laws in the package.
- **NGO Law:** This law will regulate the operations and funding of Non-Governmental Organizations operating within Iraq. It received its first reading in the Council of Representatives on April 20, 2009.
- **National Elections Law:** A draft of a proposed national elections law is in committee but has not been finalized.

## POLITICAL - Refugee Update



- While regional governments report hosting as many as 2 million Iraqi refugees, other observers assess that the figure is significantly less.
- The International Organization for Migration (IOM) estimates that over 2.8 million Iraqis are displaced inside Iraq.
- In FY08, the State Department's Bureau of Population, Refugees and Migration contributed \$287.08 million to international organizations and nongovernmental organizations to assist displaced Iraqis inside the country and in the region.
- The U.S. admitted 13,823 Iraqi refugees in FY08
- Since the program's inception in FY07, 34,091 Iraqi refugees have been admitted for U.S. resettlement; in FY09 alone, the U.S. seeks to admit a minimum of 17,000 Iraqi refugees.
- As of June 2009, a total of 770 Special Immigrant Visa (SIVs) have been issued for Iraqi translators and interpreters since FY08 (under the Section 1059 program).
- As of June 2009, a total of 2,081 SIVs have been issued for Iraqis employed by or on behalf of the U.S. government since FY08 (under the Section 1244 program).
- Secretary of State Hillary Clinton announced July 24 that the United States is contributing more than \$100 million in new assistance this year to support the return and reintegration of displaced Iraqis.

# ECONOMIC – Oil



## Oil prices are rising, but exports and production remain below 2009 targets

Crude Oil Update:

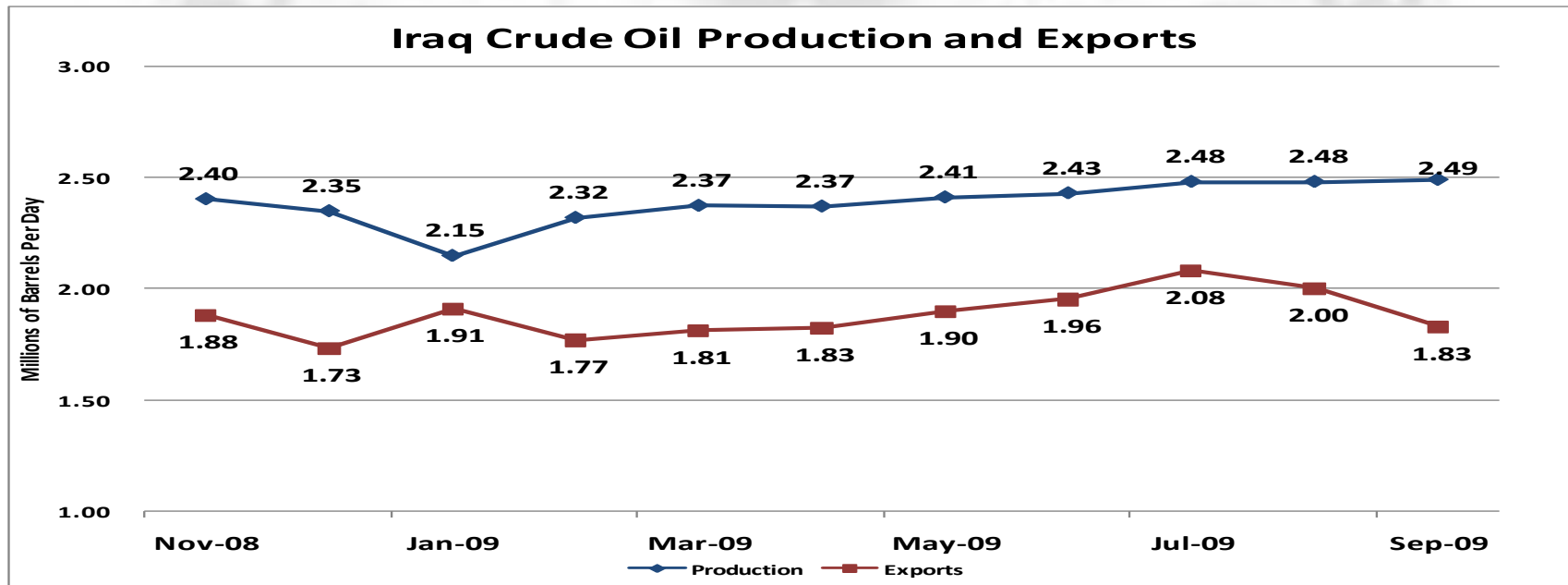
*Price averages in world markets closed with the following prices:*

Basrah Light at \$65.99/barrel

Dated Brent at \$66.65/barrel

WTI Cushing at \$68.32/barrel

Oman/Dubai at \$67.82/barrel



### Revenue estimates:

**2007: \$41.0 Billion**

**2008: \$61.9 Billion**

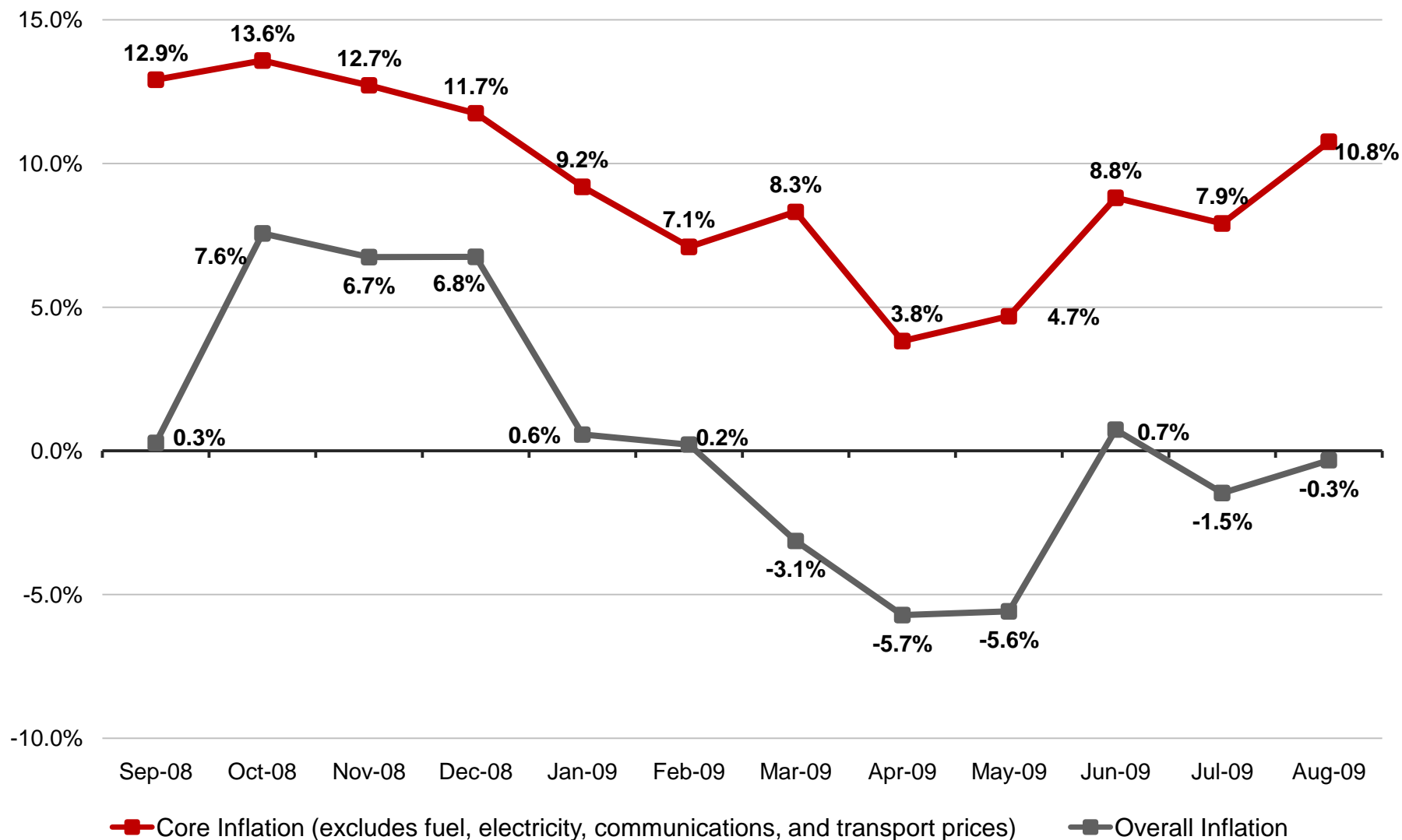
**2009 (ytd): \$26.7 Billion**

\*New revenue formula is used for 2009 that is more accurate, if lower.

# ECONOMIC - Fiscal and Monetary Affairs



## Year-on-Year Inflation





## ECONOMIC – Fiscal and Monetary Affairs



Iraq receives assistance funds from the IMF, but budget shortfalls are expected in 2010

Economic Indicator	This Week	Last Week	Last Month	Last Year
<b>Iraqi Commercial Bond Sales</b>				
Price (USD)	\$75.45	\$73.66	\$69.02	\$66.08
Yield	8.46%	8.71%	9.36%	10.96%

### Iraq Receives \$1.8 From IMF:

- Iraqi Central Bank advisor Mudher Kasim said September 28 the IMF will provide Iraq with \$1.8 billion in assistance funds. Kasim said the money would be used to increase liquidity and improve economic growth, adding that he expected the money to be spent on infrastructure projects. The terms of a \$5.4 billion standby loan are also close to finalization. Central bank chief Sinan al-Shabibi also said that he expected a financing deal with the IMF to be finalized at the IMF's annual meeting, which will begin October 6 in Istanbul.

## ECONOMIC – Fiscal and Monetary Affairs



Iraq receives assistance funds from the IMF, but budget shortfalls are expected in 2010

### Budget Crunch Expected in 2010:

- Deputy Minister of Finance Fadhil Othman said on September 29 that he expected Iraq to face budget shortfalls in 2010. The proposed 2010 budget of \$70 billion is based on an average oil price of \$60 a barrel and is a slight increase from the 2009 budget of \$67 billion. Iraq is expected to have a budget deficit of around \$19 billion this year and spending on the military and reconstruction projects will be cut.

### Committee Formed to Study Iraqi Tax System:

- Iraq's National Media Center said in a statement that Prime Minister Maliki had formed a committee to study Iraq's current tax system. The committee will study draft agreements concerning the avoidance of double taxation, income tax, and tax evasion. According to the statement released on September 27, "the committee will be headed [by] the director general of the General Tax Department and will include experts from the ministries of planning and industry and minerals as member." The committee will have one month to present its recommendations to the secretariat general of the cabinet.

## ECONOMIC – Private Sector

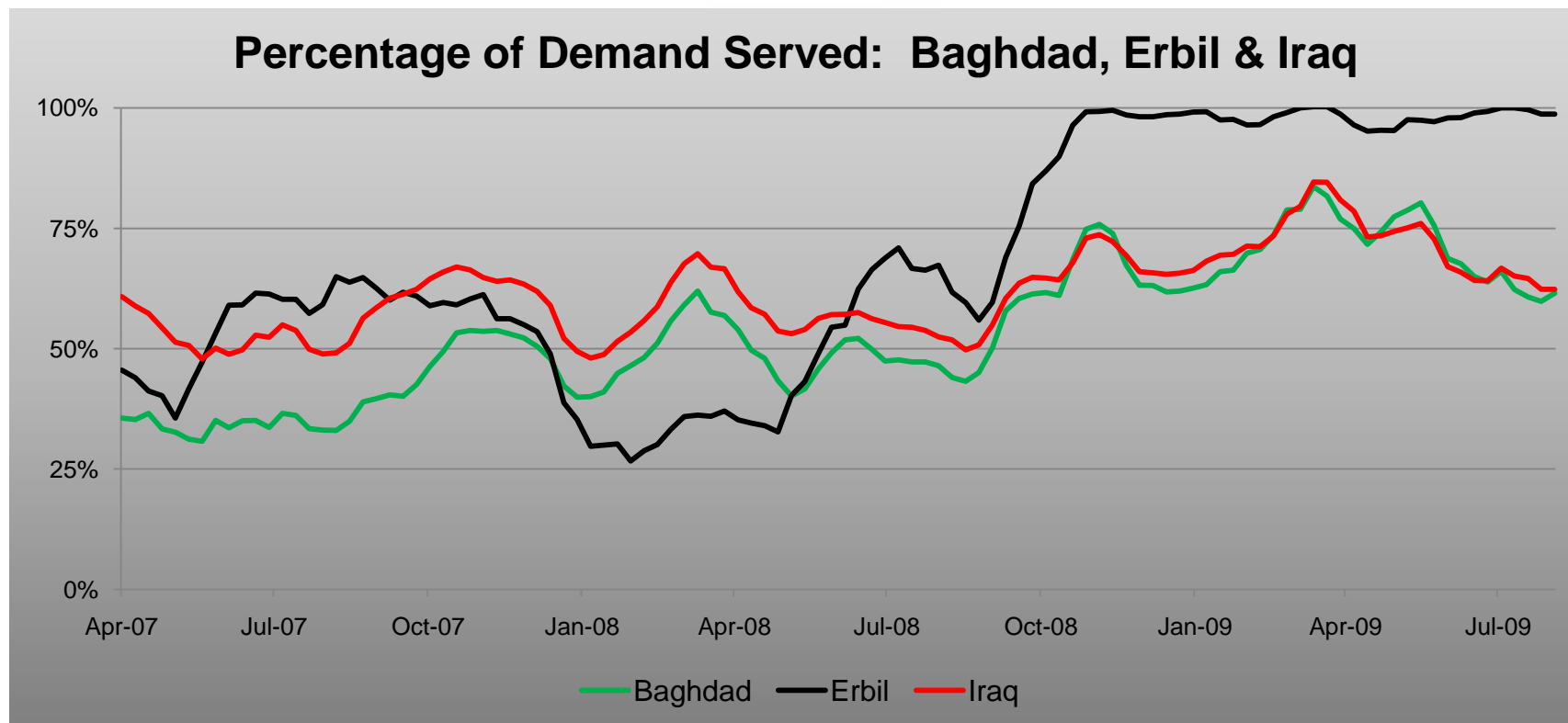


Iraqi Union Chairman calls upon Council of Representatives to pass legislation to protect domestic products

### Industry Union Chairman Speaks Out against Imports:

- The Chairman of the Iraqi Industries Union Hashem al-Atrafji claimed competition between Iraqi products and foreign-made goods were unfair and called upon the Council of Representatives to pass legislation protecting domestic products. Speaking with Aswat al-Iraq news agency, Atrafji said “the unfair competition caused the closure of 95% of the Iraqi factories, leading to the skyrocketing unemployment rate among workers.”

## Public Services – Electricity



As a result of the large increase in supply, the percentage of estimated demand met by grid power has risen for the country as a whole, but it has risen even more for Baghdad and Erbil. The rise for Baghdad is due to the addition of generation around the city and the improved reliability of transmission lines linking the city to generation in other parts of the country. For Erbil it is due to the addition of two large generating plants based on build-own-operate contracts with the Kurdish Regional Government.

## Beyond Baghdad



Iftar dinner in Wasit

**“...we will help Iraq's institutions strengthen their capacity to protect the rule of law, confront corruption, and deliver basic services.”**

*President Barack Obama*

### *Recent Highlights*

#### *Basrah*

Basrah PRT delivered manual and electric sewing machines to the Basrah Deaf and Mute Society. The society trains young women to sew and make hand-made crafts such as stuffed animals.

#### *Anbar*

Over 1,000 English language and literature books were delivered to Anbar University Women's College by Anbar PRT. An additional request has been made for English language text books in chemistry, geography, and biology. The college has over 1,200 enrolled students and is scheduled to begin classes shortly.

#### *Najaf*

Najaf Provincial Investment Commission (PIC) Chairman Dr. Fadhal al-Fadhal briefed the PRT on several upcoming high profile projects. First, a UAE firm announced a large dairy farm will begin commercial operations in al-Manathra district. Second, a UAE firm is in final negotiations with the province on a large scale project called 'New Najaf City.' Third, an Australian firm is working with the commission on a 35,000 unit housing development between Najaf and Karbala. And lastly, a British firm is also planning a 3,000 unit low income housing project.

#### *Wasit*

A community outreach and reconciliation iftar was held in a small farming town outside of al-Ahrar in Wasit province. The PRT participated in the event, which was designed to include the less advantaged and not just Wasit's elite. The dinner was held in a humble setting by a canal which carries an inadequate supply of water. Backpacks and school supplies were distributed to local children.



## CONTACT INFORMATION

**This brief draws from multiple sources. References are cited on the following pages.**

**For additional information, please see:**

- Department of State, Section 2207 Report on Iraq Relief and Reconstruction  
<http://2001-2009.state.gov/p/nea/rls/rpt/>
- Department of State, Section 1227 Report on Iraq  
<http://2001-2009.state.gov/p/nea/rls/rpt/>
- Department of Defense, Section 9010 Measuring Stability and Security in Iraq  
[http://www.defenselink.mil/home/features/Iraq\\_Reports/index.html](http://www.defenselink.mil/home/features/Iraq_Reports/index.html)

**Please forward all questions and/or comments to:**

**[NEA-I-IPOG-DL@state.gov](mailto:NEA-I-IPOG-DL@state.gov)**





## NOTES AND SOURCE CITATIONS (1 of 2)

Slide 4:

- Washington Post, September 28, <http://www.washingtonpost.com/wp-dyn/content/article/2009/09/28/AR2009092801535.html>

Slide 5:

- MNF-I, September 24, [http://www.mnf-iraq.com/index.php?option=com\\_content&task=view&id=28053&Itemid=21](http://www.mnf-iraq.com/index.php?option=com_content&task=view&id=28053&Itemid=21)

Slides 6:

- MNF-I, September 29, [http://www.mnf-iraq.com/index.php?option=com\\_content&task=view&id=28114&Itemid=225](http://www.mnf-iraq.com/index.php?option=com_content&task=view&id=28114&Itemid=225)

Slide 7:

- AFP, September 24. [http://news.yahoo.com/s/afp/20090924/wl\\_mideast\\_afp/uniraqkuwaitcompensationdiplomacy\\_20090924124217](http://news.yahoo.com/s/afp/20090924/wl_mideast_afp/uniraqkuwaitcompensationdiplomacy_20090924124217)

Slide 8:

- Department of State, September 26, <http://www.america.gov/st/texttrans-english/2009/September/20090928181440xjsnommis0.6552698.html?CP.rss=true#ixzz0SbJpHOVn>

Slide 9:

- Aswat al-Iraq, September 27, <http://en.aswataliraq.info/?p=119587>

Slide 10-12:

- Department of State, NEA Political Section, [NEA-I-POL-DL@state.gov](mailto:NEA-I-POL-DL@state.gov)

Slide 13-14:

- Department of State, NEA/I Economics Section, [NEA-I-ECON-DL@state.gov](mailto:NEA-I-ECON-DL@state.gov)

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- Wall Street Journal, September 28, <http://online.wsj.com/article/BT-CO-20090928-707253.html>

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Slide 16:

- AP, September 29, <http://finance.yahoo.com/news/Iraq-predicts-budget-crunch-apf-2561888314.html?x=0&.v=1>
- September 27, Aswat al-Iraq, <http://en.aswataliraq.info/?p=119574>

Slide 17:

- Aswat al-Iraq, September 25, <http://en.aswataliraq.info/?p=119464>

Slide 18:

- Department of State, NEA/I Econ, [NEA-I-ECON-DL@state.gov](mailto:NEA-I-ECON-DL@state.gov)

Slide 19:

- PRT Weekly Summary 13-19 September, 2009